NCA
VOC FOR PGM/FN
BACKGROUNDER NO. 5-6160 SEPTEMBER 26, 1978
JOHN BUE/PARIS

FRANCE: SIGNS OF DISCONTENT

ANNCR:

PARTIAL LEGISLATIVE ELECTIONS FOR CONTESTED SEATS IN THE FRENCH PARLIAMENT HAVE REVEALED DISCONTENT WITH THE RULING GOVERNMENT COALITION. FROM PARIS VOA'S JOHN BUE SENDS THIS BACKGROUND REPORT.

VOICE:

ON SUNDAY, A COLORFUL AND CONTROVERSIAL FRENCH POLITICAL FIGURE, JEAN JACQUES SERVAN SCHREIBER, LOST THE SEAT IN PARLIAMENT WHICH HAD HE HELD FOR THE LAST EIGHT YEARS. AT THE PARLIAMENTARY ELECTIONS IN MARCH, HE HAD OBTAINED ONLY ABOUT FORTY MORE VOTES THAN HIS SOCIALIST OPPONENT. BUT IN THE BY-ELECTION ON SUNDAY, WHERE ABSTENTION WAS HEAVY, THE MARGIN WAS ABOUT SIX TO FOUR IN FAVOR OF THE SOCIALISTS. "J.J.S.S." -- AS HE IS KNOWN HERE -- A FORMER JOURNALIST AND OWNER OF NEWS MAGAZINE "L'EXPRESS", WAS RENOWNED FOR HIS BRASH TACTICS. UNDER GAULLIST RULE, HE FIERCELY ATTACKED PRESTIGE SPENDING ON FRANCE'S NUCLEAR DEFENSE PROGRAM AND ON THE CONCORDE SUPERSONIC AIRLINER. HE RENOVATED THE SMALL RADICAL CENTRIST PARTY AND TOOK FROM THE GAULLISTS THE STEEL-PRODUCING CONSTITUENCY OF NANCY IN LORRAINE ON A PLATFORM OF MODERN PROGRESSIVE CAPITALISM.

WHEN PRESIDENT GISCARD D'ESTAING TOOK OVER, "J.J.S.S." GAVE HIM OUTSPOKEN BACKING AND WAS NAMED TO A CABINET POST, WHICH HE LOST WITHIN DAYS FOR HARSHLY CRITICIZING FRANCE'S NUCLEAR POLICY. HIS RECENT DEFEAT AT NANCY, COMING AFTER SEVERAL GOVERNMENT LOSSES OF CONTESTED SEATS ELSEWHERE IS WIDELY SEEN AS REFLECTING DISCONTENT OVER STILL-RISING UNEMPLOYMENT AND PRICES. UNEMPLOYMENT FIGURES HAVE CONTINUED

TO RISE IN RECENT MONTHS, AND LORRAINE IS A REGION PARTICULARLY HARD HIT BY CUTBACKS IN THE STEEL INDUSTRY. THE IMMEDIATE EFFECT OF THE RECENT LIFTING OF PRICE CONTROLS IN FRANCE WAS A JUMP IN THE INFLATION RATE. BUT FRENCH PREMIER RAYMOND BARRE, THE ARCHITECT OF FRENCH ECONOMIC LIBERALIZATION POLICIES, REMAINS UNPERTURBED BY THE ELECTORAL SETBACK. HE SAID AFTER SUNDAY'S DEFEAT THAT HE WILL NOT CHANGE HIS POLICY.

GOVERNMENT THINKING IS THAT THE NEW LIBERALIZATION POLICIES ARE BOUND TO MAKE THINGS WORSE BEFORE THEY GET BETTER. BOTH PRESIDENT GISCARD D'ESTAING AND PREMIER RAYMOND BARRE ARE COUNTING ON THE STIMULATIVE EFFECTS OF FREE COMPETITION AND MARKET FORCES TO BRING DOWN PRICES AND CREATE NEW JOBS. PRESIDENT GISCARD D'ESTAING'S RE-ELECTION IN 1981 IS THOUGHT TO BE LARGELY CONTINGENT UPON THE SUCCESS OF THIS HEAVY DOSE OF ECONOMIC LIBERALIZATION IN A SYSTEM LARGELY CONTROLLED AND SUBSIDIZED SINCE THE END OF WORLD WAR TWO.

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